

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
VINTON-SHELLSBURG, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Pat Lyons	President (Resigned May 9, 2011)	2011
Todd Wiley	President (Vice President, appointed as President on May 9, 2011)	2013
Robert Levis	Vice President (Appointed as Vice President on May 9, 2011)	2013
Tim Bird	Board Member	2011
Angela Hazen	Board Member	2011
Megan Rickels	Board Member	2011
Brenda Bartz	Board Member (Appointed May 9, 2011)	2011
Sue Gates	Board Member	2013
<u>School Officials</u>		
Mary Jo Hainstock	Superintendent	2013
Larry Stroschein	District Secretary/Treasurer (Resigned April 2011)	2011
Brenda Barkdoll	District Secretary/Treasurer (Appointed April 2011)	2011
Mark Mossman	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Vinton-Shellsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vinton-Shellsburg Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vinton-Shellsburg Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2011 on our consideration of Vinton-Shellsburg Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 15 and 51 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vinton-Shellsburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
November 8, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Vinton-Shellsburg Community School District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2011. This analysis will focus on the District's financial performance as a whole for the fiscal year 2011.

Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- ◆ General Fund revenue increased from \$15,390,758 in fiscal year 2010 to \$17,241,660 in fiscal year 2011 while General Fund expenditures decreased from \$15,636,903 in fiscal year 2010 to \$15,550,458 in fiscal year 2011.
- ◆ The increase in General Fund revenues was attributable to an increase in property tax as well as an increase in state financial aid formula revenue in fiscal 2011.
- ◆ The district increased its solvency ratio and unspent spending authority.
- ◆ The district decreased its expenditures from \$15,636,903 to 15,550,458, primarily based on spending reductions approved by the board in the spring of 2010.

◆ Overview of Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- ◆ The statements for governmental funds explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- ◆ The statements for proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- ◆ The statements for fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

District Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

- ◆ Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating, respectively.
- ◆ To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the condition of school buildings and facilities and student enrollment trends.

In the District-wide financial statements, the District's activities are divided into two categories:

- ◆ **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finances most of these activities.
- ◆ **Business-type Activities:** The District charges fees to help cover the cost of certain services it provides. The District school nutrition program would be included here.

Fund Financial Statements

The fund financial statements, included with this report, provide more detailed information about the District's funds, focusing on its most significant or major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Funds do not focus on the District as a whole.

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

Vinton-Shellsburg Community School District has three types of funds:

- ◆ **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - ◆ The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund.
- ◆ **Proprietary funds:** Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - ◆ The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flow. The District currently has two enterprise funds, the school nutrition program and the child care program.
- ◆ **Fiduciary funds:** The District is trustee, or fiduciary, for assets that belong to others. These funds include Private -purpose Trust and Agency funds.
 - ◆ **Private-Purpose Trust Fund:** The District accounts for outside donations for specific purposes in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets: Figure A-1 provides a summary of the District's net assets for the year ended June 30, 2011. The districts combined net assets were higher on June 30, 2011 than they were the year before, increasing to \$13,589,943. (figure A1)

Condensed Statement of Net Assets-figure A1

	Governmental Activities		Business- type Activities		Total School District		Total Percentage Change 2010-11 %
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$11,817,773	\$13,436,659	\$242,900	\$212,556	\$12,060,673	\$13,649,215	13.1%
Capital assets	\$21,227,387	\$20,823,423	\$234,995	\$205,969	\$21,462,382	\$21,029,392	-2%
Total Assets	\$33,045,160	\$34,260,082	\$477,895	\$418,525	\$33,523,055	\$34,678,607	3.5%
Long-term debt outstanding	\$13,146,865	\$12,313,825			\$13,146,865	\$12,313,825	-6.3%
Other liabilities	\$8,853,510	\$8,728,029	\$58,683	\$46,810	\$8,912,193	\$8,774,839	-1.5%
Total liabilities	\$22,000,375	\$21,041,854	\$58,683	\$46,810	\$22,059,058	\$21,088,664	-4.4%
Net Assets							
Invested in capital assets, net of related debt	\$8,347,387	\$8,578,423	\$234,995	\$205,969	\$8,582,382	\$8,784,392	2.4%
Restricted	\$3,474,451	\$3,829,890			\$3,474,451	\$3,829,890	10.2%
Unrestricted	-\$777,053	\$809,915	\$184,217	\$165,746	-\$592,836	\$975,661	264.6%
TOTAL NET ASSETS	\$11,044,785	\$13,218,228	\$419,212	\$371,715	\$11,463,997	\$13,589,943	18.5%

Change in net assets: Figure A-2 shows the changes in net assets for the year ending June 30, 2011.

Changes in Net Assets from Operating Results – figure A2

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2010-11%
	2010	2011	2010	2011	2010	2011	
Revenues							
Program Revenues					\$ -	\$ -	
Charges for services	\$ 802,699	\$ 855,881	\$ 404,208	\$ 379,908	\$ 1,206,907	\$ 1,235,789	2.4%
Operating Grants & Contributions	\$ 1,636,963	\$ 3,038,438	\$ 376,785	\$ 369,130	\$ 2,013,748	\$ 3,407,568	69.2%
Capital Grants & Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
General Revenues					\$ -	\$ -	
Property taxes & other taxes	\$ 7,109,809	\$ 7,829,520			\$ 7,109,809	\$ 7,829,520	10.1%
State formula aid	\$ 8,429,402	\$ 8,267,517			\$ 8,429,402	\$ 8,267,517	-1.9%
Other	\$ 114,623	\$ 120,307	\$ 135	\$ 124	\$ 114,758	\$ 120,431	4.9%
Total Revenues	\$ 18,093,496	\$ 20,111,663	\$ 781,128	\$ 749,162	\$ 18,874,624	\$ 20,860,825	10.5%
Expenses							
Instruction	\$ 12,384,993	\$ 11,615,855			\$ 12,384,993	\$ 11,615,855	-6.2%
Pupil & Instructional Svcs	\$ 3,706,371	\$ 4,322,814			\$ 3,706,371	\$ 4,322,814	16.6%
Non-instructional Programs			\$ 792,207	\$ 796,659	\$ 792,207	\$ 796,659	.5%
					\$ -	\$ -	
					\$ -	\$ -	
Other	\$ 1,944,793	\$ 1,999,551			\$ 1,944,793	\$ 1,999,551	2.8%
Total Expenses	\$ 18,036,157	\$ 17,938,220	\$ 792,207	\$ 796,659	\$ 18,828,364	\$ 18,734,879	-5%
Increase (decrease) in net assets	\$ 57,339	\$ 2,173,443	\$ (11,079)	\$ (47,497)	\$ 46,260	\$ 2,125,946	4,495%

Property tax and unrestricted state grants account for 77% of the District's total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$20,111,663 and expenses were \$17,938,220. In a very difficult budget year, the District did a remarkable job of controlling expenditures to provide additional funds for upcoming years.

The following table presents the total and net cost of the District's major governmental activities; instruction, support services, non-instructional programs and other expenses.

Figure A-3 Total Net Cost of Governmental Activities

Net Cost of Governmental Activities- figure A3

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2010	2011	2010-11%	2010	2011	2010-11%
Instruction	\$12,384,993	\$11,615,855	-6.2%	\$10,667,684	\$8,466,064	-20.6%
Support Services	\$ 3,706,371	\$ 4,322,814	16.6%	\$3,693,653	\$4,315,274	16.8%
Non-instructional programs						
Other	\$ 1,994,793	\$ 1,999,551	.2%	\$1,235,158	\$1,262,563	2.2%
TOTAL	\$18,036,157	\$17,938,220	-.5%	\$ 15,596,495	\$ 14,043,901	-9.1%

- ◆ The cost financed by users of District's programs was \$855,881.
- ◆ Federal and state government subsidized certain programs with grants and contributions totaling \$3,038,438.
- ◆ The net cost of governmental activities was financed with \$7,829,520 in property and other tax, \$8,267,517 in state foundation aid and \$120,307 in other income.

Business -Type Activities

Revenues of the District's business-type activities were \$749,162 and expenses were \$796,659. The District's business-type activities include the School Nutrition Fund, and the Child Care Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Vinton-Shellsburg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,262,926 an increase of \$1,730,207 from last year's ending fund balance of \$2,532,719. The primary reason for the increase in combined fund balances in fiscal 2011 was due to an increase in the property tax levy as well as an increase in the revenue from State Aid funds at the same time the district significantly reduced expenditures.

Governmental Fund Highlights

- ◆ The District's General Fund financial position is the product of many factors. The Instructional Support Levy was increased from 7% to 10% of regular program district cost, increased taxes and grants resulted in increased revenues. The increase in revenues was coupled with a decrease in General Fund expenditures.
- ◆ The General Fund balance increased from a deficit of \$647,656 to 1,043,546 for the 2010-11 fiscal year. The District is working to improve the balance by increasing cash reserve levy and controlling expenditures.
- ◆ The Capital Projects Fund balance increased from \$2,511,009 to \$2,600,217 for the 2010-11 fiscal year. The increase is due to additional revenues in local option sales taxes.

Proprietary Fund Highlights

The School Nutrition Fund and Preschool Daycare net assets decreased from \$419,212 at June 30, 2010 to \$371,715 at June 30, 2011.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following the required public notice and hearing for all funds, except its private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds; budgets for the General Fund are not presented on the budgetary comparison pages.

Legal Budgetary Highlights

The District's total actual revenues were approximately \$77,409 less than the total budgeted revenues, a variance of .37 percent. The most significant difference was less revenue from state sources than originally budgeted.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at an amount that exceeds projected expenditures for the coming fiscal year but is less than the maximum allowed by law. The District then manages or controls General Fund spending through a line-item budget at the building level. As a result the District's certified budget should always exceed the actual expenditures during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2011, the District had invested \$21 million, net of accumulated depreciation of \$7.4 million, in a broad range of capital assets, including land, buildings, athletic facilities, transportation equipment, computers, and audio-visual equipment. (See Figure A-4) More detailed information about capital assets is available in the notes to the basic financial statements.

Governmental Funds account for \$20.82 million with the remainder of \$.20 million in the School Nutrition Fund, net of accumulated depreciation amounts of \$7.2 million and \$.20 million, respectively.

Figure A-4
Capital Assets, Net of Depreciation

<i>Capital Assets (net of depreciation)- figure A4</i>							
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2009-10%
Land	\$ 86,215	\$ 86,215			\$ 86,215	\$ 86,215	0%
Construction in progress	\$ -	\$ -			\$ -	\$ -	
Improvements	\$ 313,561	\$ 355,429			\$ 313,561	\$ 355,429	13.4%
Buildings	\$ 20,320,850	\$ 19,917,068			\$ 20,320,850	\$ 19,917,068	-2%
Equipment & Furniture	\$ 506,761	\$ 464,711	\$ 234,995	\$ 205,969	\$ 741,756	\$ 670,680	-9.6%
TOTAL	\$ 21,227,387	\$ 20,823,423	\$ 234,995	\$ 205,969	\$ 21,462,382	\$ 21,029,392	-2%

Long-Term Liabilities

On June 30, 2011, the District had \$12,245,000 bonded indebtedness, and \$68,825 in early retirement liabilities. See figure A-5 for more detail on long-term obligations. Further details on the District's long-term liabilities are available in the notes to the basic financial statements.

Figure A-5
Total School District

	2010	2011	Change
Early Retirement	266,865	68,825	-198,040
Lease purchases	0	0	0
Real estate contract	0	0	0
General obligation bonds	12,880,000	12,245,000	-635,000
Capital loan notes	0	0	0
Totals	13,146,865	12,313,825	-833,040

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- ◆ State payments remain a concern. As long as the state financial picture remains uncertain, future state cuts cannot be ruled out.
- ◆ The district voters authorized a one-cent school infrastructure local option tax in February 2004. Tax collection began in July 2004. The revenues from the one-cent statewide sales and services tax will be used to repay most of the general obligation bonds and interest.
- ◆ Settlements in excess of "new money" or allowable growth in state funding for contracts will have an adverse effect on the District's General Fund budget and reserve fund balance.
- ◆ Student enrollment figures remain a concern. General Fund dollars are based on the number of students that are enrolled.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brenda Barkdoll, Business Manager, Vinton-Shellsburg Community School District, 1502 C Avenue, Vinton, Iowa 52349.

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Basic Financial Statements

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 5,603,598	\$ 191,822	\$ 5,795,420
Receivables:			
Property tax:			
Current year	94,346	-	94,346
Succeeding year	6,345,358	-	6,345,358
Income surtax	530,569	-	530,569
Accounts	2,041	1,180	3,221
Due from other governments	860,747	-	860,747
Inventories	-	19,554	19,554
Capital assets, net of accumulated depreciation (note 6)	20,823,423	205,969	21,029,392
Total assets	34,260,082	418,525	34,678,607
Liabilities			
Accounts payable	309,056	11	309,067
Salaries and benefits payable	1,596,162	44,869	1,641,031
Accrued interest payable	84,865	-	84,865
Deferred revenue:			
Succeeding year property tax	6,345,358	-	6,345,358
Other	392,588	1,930	394,518
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	68,825	-	68,825
Bonds payable	660,000	-	660,000
Portion due after one year:			
Bonds payable	11,585,000	-	11,585,000
Total liabilities	21,041,854	46,810	21,088,664

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 8,578,423	\$ 205,969	\$ 8,784,392
Restricted for:			
Categorical funding (note 11)	349,838	-	349,838
Management levy	232,960	-	232,960
Physical plant and equipment levy	1,038,250	-	1,038,250
Student activities	267,897	-	267,897
Capital projects	1,940,945	-	1,940,945
Unrestricted	<u>809,915</u>	<u>165,746</u>	<u>975,661</u>
Total net assets	<u>\$ 13,218,228</u>	<u>\$ 371,715</u>	<u>\$ 13,589,943</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 7,596,919	\$ 311,119	\$ 2,097,320
Special instruction	2,270,066	42,119	196,590
Other instruction	1,748,870	502,643	-
	<u>11,615,855</u>	<u>855,881</u>	<u>2,293,910</u>
Support services:			
Student services	439,994	-	-
Instructional staff services	717,829	-	1,500
Administration services	1,316,743	-	-
Operation and maintenance of plant services	1,209,177	-	-
Transportation services	639,071	-	6,040
	<u>4,322,814</u>	<u>-</u>	<u>7,540</u>
Other expenditures:			
Facilities acquisition	210,709	-	-
Long-term debt interest and fiscal charges	532,526	-	-
AEA flowthrough	736,988	-	736,988
Depreciation (unallocated) *	519,328	-	-
	<u>1,999,551</u>	<u>-</u>	<u>736,988</u>
Total governmental activities	17,938,220	855,881	3,038,438

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
<hr/>		
\$ (5,188,480)	\$ -	\$ (5,188,480)
(2,031,357)	-	(2,031,357)
<hr/> (1,246,227)	<hr/> -	<hr/> (1,246,227)
<hr/> (8,466,064)	<hr/> -	<hr/> (8,466,064)
 (439,994)	 -	 (439,994)
(716,329)	-	(716,329)
(1,316,743)	-	(1,316,743)
(1,209,177)	-	(1,209,177)
<hr/> (633,031)	<hr/> -	<hr/> (633,031)
<hr/> (4,315,274)	<hr/> -	<hr/> (4,315,274)
 (210,709)	 -	 (210,709)
(532,526)	-	(532,526)
-	-	-
<hr/> (519,328)	<hr/> -	<hr/> (519,328)
<hr/> (1,262,563)	<hr/> -	<hr/> (1,262,563)
 (14,043,901)	 -	 (14,043,901)

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Business-Type Activities:			
Non-instructional programs:			
Food service operations	\$ 785,691	\$ 372,388	\$ 369,130
Other enterprise operations	10,968	7,520	-
Total business-type activities	<u>796,659</u>	<u>379,908</u>	<u>369,130</u>
Total	\$ 18,734,879	\$ 1,235,789	\$ 3,407,568

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state and federal grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
 in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (44,173)	\$ (44,173)
-	(3,448)	(3,448)
-	(47,621)	(47,621)
(14,043,901)	(47,621)	(14,091,522)

\$ 5,727,959	\$ -	\$ 5,727,959
277,161	-	277,161
544,033	-	544,033
1,280,367	-	1,280,367
8,267,517	-	8,267,517
4,007	124	4,131
116,300	-	116,300
16,217,344	124	16,217,468
2,173,443	(47,497)	2,125,946
11,044,785	419,212	11,463,997
<u>\$ 13,218,228</u>	<u>\$ 371,715</u>	<u>\$ 13,589,943</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 3,012,996	\$ 1,974,765	\$ 615,837	\$ 5,603,598
Receivables:				
Property tax:				
Current year	83,856	4,300	6,190	94,346
Succeeding year	5,633,150	312,209	399,999	6,345,358
Income surtax	151,591	378,978	-	530,569
Accounts	-	-	2,041	2,041
Due from other governments	231,553	629,194	-	860,747
Total assets	<u>\$ 9,113,146</u>	<u>\$ 3,299,446</u>	<u>\$ 1,024,067</u>	<u>\$ 13,436,659</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 296,109	\$ 8,042	\$ 4,905	\$ 309,056
Salaries and benefits payable	1,596,162	-	-	1,596,162
Deferred revenue:				
Succeeding year property tax	5,633,150	312,209	399,999	6,345,358
Other	544,179	378,978	-	923,157
Total liabilities	<u>8,069,600</u>	<u>699,229</u>	<u>404,904</u>	<u>9,173,733</u>
Fund balances:				
Restricted for:				
Categorical funding (note 11)	349,838	-	-	349,838
Debt service	-	-	49,481	49,481
Management levy purposes	-	-	301,785	301,785
Student activities	-	-	267,897	267,897
School infrastructure	-	1,940,945	-	1,940,945
Physical plant and equipment	-	659,272	-	659,272
Unassigned	693,708	-	-	693,708
Total fund balances	<u>1,043,546</u>	<u>2,600,217</u>	<u>619,163</u>	<u>4,262,926</u>
Total liabilities and fund balances	<u>\$ 9,113,146</u>	<u>\$ 3,299,446</u>	<u>\$ 1,024,067</u>	<u>\$ 13,436,659</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total fund balances of governmental funds	\$ 4,262,926
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	20,823,423
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	530,569
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(84,865)
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(12,313,825)</u>
Net assets of governmental activities	<u>\$ 13,218,228</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 5,482,417	\$ 1,938,910	\$ 393,426	\$ 7,814,753
Tuition	303,757	-	-	303,757
Other	144,547	2,500	524,835	671,882
State sources	10,191,536	232	327	10,192,095
Federal sources	1,119,403	-	-	1,119,403
Total revenues	17,241,660	1,941,642	918,588	20,101,890
Expenditures:				
Current:				
Instruction	10,983,720	-	901,961	11,885,681
Support services:				
Student services	439,994	-	-	439,994
Instructional staff services	408,562	309,267	-	717,829
Administration services	1,272,424	6,869	-	1,279,293
Operation and maintenance of plant services	1,155,268	-	55,629	1,210,897
Transportation services	553,502	26,858	10,601	590,961
	3,829,750	342,994	66,230	4,238,974
Other expenditures:				
Facilities acquisition	-	338,127	-	338,127
Long term debt:				
Principal	-	-	635,000	635,000
Interest and fiscal charges	-	-	536,913	536,913
AEA flowthrough	736,988	-	-	736,988
	736,988	338,127	1,171,913	2,247,028
Total expenditures	15,550,458	681,121	2,140,104	18,371,683
Excess (deficiency) of revenues over (under) expenditures	1,691,202	1,260,521	(1,221,516)	1,730,207

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Interfund transfers in (note 3)	\$ -	\$ -	\$ 1,171,313	\$ 1,171,313
Interfund transfers out (note 3)	-	(1,171,313)	-	(1,171,313)
Total other financing sources (uses)	-	(1,171,313)	1,171,313	-
Net change in fund balances	1,691,202	89,208	(50,203)	1,730,207
Fund balances beginning of year, as restated (note 12)	(647,656)	2,511,009	669,366	2,532,719
Fund balances end of year	<u>\$ 1,043,546</u>	<u>\$ 2,600,217</u>	<u>\$ 619,163</u>	<u>\$ 4,262,926</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 1,730,207

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 210,471	
Depreciation expense	<u>(614,435)</u>	(403,964)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 9,773

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 635,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,387

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>198,040</u>	<u>198,040</u>
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Change in net assets of governmental activities \$ 2,173,443

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	School Nutrition	Nonmajor Enterprise	Total
Assets			
Cash and cash equivalents	\$ 188,137	\$ 3,685	\$ 191,822
Accounts receivable	-	1,180	1,180
Inventories	19,554	-	19,554
Capital assets, net of accumulated depreciation	205,969	-	205,969
Total assets	<u>413,660</u>	<u>4,865</u>	<u>418,525</u>
Liabilities			
Accounts payable	11	-	11
Salaries and benefits payable	44,869	-	44,869
Deferred revenue	1,930	-	1,930
Total liabilities	<u>46,810</u>	<u>-</u>	<u>46,810</u>
Net Assets			
Invested in capital assets	205,969	-	205,969
Unrestricted	<u>160,881</u>	<u>4,865</u>	<u>165,746</u>
Total net assets	<u>\$ 366,850</u>	<u>\$ 4,865</u>	<u>\$ 371,715</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2011

	School Nutrition	Nonmajor Enterprise	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 372,388	\$ 7,520	\$ 379,908
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	254,246	-	254,246
Benefits	130,925	-	130,925
Purchased services	10,525	-	10,525
Supplies	360,969	-	360,969
Depreciation	29,026	-	29,026
	<u>785,691</u>	<u>-</u>	<u>785,691</u>
Other enterprise operations:			
Salaries	-	9,409	9,409
Benefits	-	1,372	1,372
Supplies	-	187	187
	<u>-</u>	<u>10,968</u>	<u>10,968</u>
	<u>785,691</u>	<u>10,968</u>	<u>796,659</u>
Operating loss	(413,303)	(3,448)	(416,751)
Non-operating revenues:			
Capital contributions	115	9	124
State sources	7,305	-	7,305
Federal sources	361,825	-	361,825
Total non-operating revenues	<u>369,245</u>	<u>9</u>	<u>369,254</u>
Change in net assets	(44,058)	(3,439)	(47,497)
Net assets beginning of year	<u>410,908</u>	<u>8,304</u>	<u>419,212</u>
Net assets end of year	<u>\$ 366,850</u>	<u>\$ 4,865</u>	<u>\$ 371,715</u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	School Nutrition	Nonmajor Enterprise	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 357,384	\$ -	\$ 357,384
Cash received from miscellaneous operating activities	9,258	6,735	15,993
Cash payments to employees for services	(391,181)	(10,781)	(401,962)
Cash payments to suppliers for goods or services	<u>(319,987)</u>	<u>(187)</u>	<u>(320,174)</u>
Net cash used by operating activities	<u>(344,526)</u>	<u>(4,233)</u>	<u>(348,759)</u>
Cash flows from non-capital financing activities:			
State grants received	7,305	-	7,305
Federal grants received	<u>310,933</u>	<u>-</u>	<u>310,933</u>
Net cash provided by non-capital financing activities	<u>318,238</u>	<u>-</u>	<u>318,238</u>
Cash flows from investing activities:			
Interest on investments	<u>115</u>	<u>9</u>	<u>124</u>
Net (decrease) in cash and cash equivalents	(26,173)	(4,224)	(30,397)
Cash and cash equivalents beginning of year	<u>214,310</u>	<u>7,909</u>	<u>222,219</u>
Cash and cash equivalents end of year	<u>\$ 188,137</u>	<u>\$ 3,685</u>	<u>\$ 191,822</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	School Nutrition	Nonmajor Enterprise	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (413,303)	\$ (3,448)	\$ (416,751)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	29,026	-	29,026
Commodities used	50,892	-	50,892
(Increase) in accounts receivable	-	(785)	(785)
Decrease in inventories	732	-	732
(Decrease) in accounts payable	(117)	-	(117)
(Decrease) in salaries and benefits payable	(6,010)	-	(6,010)
(Decrease) in deferred revenue	(5,746)	-	(5,746)
Net cash used by operating activities	\$ <u>(344,526)</u>	\$ <u>(4,233)</u>	\$ <u>(348,759)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$50,892 of federal commodities.

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2011

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>149,678</u>
Liabilities:	
Accounts payable	<u>9,494</u>
Net assets:	
Reserved for scholarships	\$ <u><u>140,184</u></u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2011

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ <u>280,382</u>
Deductions:	
Instruction:	
Supplies	<u>216,200</u>
Change in net assets	64,182
Net assets beginning of year	<u>76,002</u>
Net assets end of year	\$ <u><u>140,184</u></u>

See notes to financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Vinton-Shellsburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Vinton and Shellsburg, Iowa, and agricultural territory in Benton, Blackhawk and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Vinton-Shellsburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Vinton-Shellsburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Benton County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	150,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned meal revenues, and unearned Federal grant monies.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and personal days during the fiscal year. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The District had no compensated absences liability.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2011 consists of \$3,829,890.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
	<hr/>
Diversified Portfolio	\$ <u><u>5,430,627</u></u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
		<hr/>
Debt Service	Capital Projects	\$ <u><u>1,171,313</u></u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants was 1.2% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. The District had no ISCAP activity for the year ended June 30, 2011.

Note 5. Short-Term Inter-Fund Loan

During the year ended June 30, 2011, the District approved short-term financing of \$1,250,000 from the Capital Projects Fund to the General Fund for the purpose of easing cash flow problems due to the timing of property tax collections. All loans were repaid by the General Fund prior to June 30, 2011. Therefore, no amounts are shown on the face of the general purpose financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 86,215	\$ -	\$ -	\$ 86,215
Total capital assets not being depreciated	<u>86,215</u>	<u>-</u>	<u>-</u>	<u>86,215</u>
Capital assets being depreciated:				
Buildings	25,563,263	91,656	-	25,654,919
Improvements other than buildings	688,628	65,758	-	754,386
Furniture and equipment	<u>1,474,704</u>	<u>53,057</u>	<u>19,737</u>	<u>1,508,024</u>
Total capital assets being depreciated	<u>27,726,595</u>	<u>210,471</u>	<u>19,737</u>	<u>27,917,329</u>
Less accumulated depreciation for:				
Buildings	5,242,413	495,438	-	5,737,851
Improvements other than buildings	375,067	23,890	-	398,957
Furniture and equipment	<u>967,943</u>	<u>95,107</u>	<u>19,737</u>	<u>1,043,313</u>
Total accumulated depreciation	<u>6,585,423</u>	<u>614,435</u>	<u>19,737</u>	<u>7,180,121</u>
Total capital assets being depreciated, net	<u>21,141,172</u>	<u>(403,964)</u>	<u>-</u>	<u>20,737,208</u>
Governmental activities capital assets, net	<u>\$ 21,227,387</u>	<u>\$ (403,964)</u>	<u>\$ -</u>	<u>\$ 20,823,423</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 405,186	\$ -	\$ -	\$ 405,186
Less accumulated depreciation	<u>170,191</u>	<u>29,026</u>	<u>-</u>	<u>199,217</u>
Business-type activities capital assets, net	<u>\$ 234,995</u>	<u>\$ (29,026)</u>	<u>\$ -</u>	<u>\$ 205,969</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular

\$ 8,065

Support services:

Instructional staff

Administration

7,850

Operation and maintenance of plant services

4,224

Transportation

74,968

95,107

Unallocated depreciation

519,328

Total governmental activities depreciation expense

\$ 614,435

Business-type activities:

Food service operations

\$ 29,026

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 266,865	\$ 68,825	\$ 266,865	\$ 68,825	\$ 68,825
General obligation bonds	12,880,000	-	635,000	12,245,000	660,000
Total	<u>\$ 13,146,865</u>	<u>\$ 68,825</u>	<u>\$ 901,865</u>	<u>\$ 12,313,825</u>	<u>\$ 728,825</u>

Early Retirement

The District offered a voluntary early retirement plan to all District employees for the year ended June 30, 2011. Eligible employees must have been at least age fifty-three and employees must have completed fifteen years of service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement benefit for each eligible employee was equal to 40% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. The employee may also continue participation in the District's group health insurance, at the employee's own cost.

At June 30, 2011, the District has obligations to four participants with a total liability of \$68,825. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$266,865. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue Dated December 1, 2004			Issue Dated May 1, 2005			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	4.00 %	\$ 275,000	\$ 189,505	\$ 4.250 %	\$ 385,000	\$ 319,682	\$ 660,000	\$ 509,187
2013	4.25	290,000	178,505	4.250	400,000	303,320	690,000	481,825
2014	4.25	300,000	166,180	4.250	420,000	286,320	720,000	452,500
2015	3.65	315,000	153,430	4.250	435,000	268,470	750,000	421,900
2016	3.75	325,000	141,933	4.250	450,000	249,982	775,000	391,915
2017	3.85	340,000	129,745	4.000	470,000	230,858	810,000	360,603
2018	3.95	355,000	116,655	4.000	490,000	212,058	845,000	328,713
2019	4.05	365,000	102,632	4.000	510,000	192,458	875,000	295,090
2020	4.10	385,000	87,850	4.100	530,000	172,058	915,000	259,908
2021	4.15	400,000	72,065	4.150	555,000	150,328	955,000	222,393
2022	4.20	420,000	55,465	4.250	575,000	127,296	995,000	182,761
2023	4.25	435,000	37,825	4.300	605,000	102,858	1,040,000	140,683
2024	4.25	455,000	19,338	4.350	630,000	76,842	1,085,000	96,180
2025	-	-	-	4.375	1,130,000	49,438	1,130,000	49,438
		<u>\$ 4,660,000</u>	<u>\$ 1,451,128</u>		<u>\$ 7,585,000</u>	<u>\$ 2,741,968</u>	<u>\$ 12,245,000</u>	<u>\$ 4,193,096</u>

During the year ended June 30, 2011, the District retired \$635,000 of bonds.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$798,607, \$763,052, and \$706,254, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Vinton-Shellsburg Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$736,988 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Professional development	\$ 132,915
Salary improvement program	92,030
Gifted and talented programs	65,668
Professional development for model core curriculum	59,203
Other	<u>22</u>
Total	<u>\$ 349,838</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 1,836,878	\$ 674,131
Change in fund type classification per implementation of GASB Statement No. 54	<u>674,131</u>	<u>(674,131)</u>
Balances July 1, 2010, as restated	<u><u>\$ 2,511,009</u></u>	<u><u>\$ -</u></u>

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Required Supplementary Information

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 8,790,392	\$ 380,032	\$ 9,170,424	\$ 9,096,315	\$ 9,096,315	\$ 74,109
State sources	10,192,095	7,305	10,199,400	11,142,146	11,142,146	(942,746)
Federal sources	1,119,403	361,825	1,481,228	690,000	690,000	791,228
Total revenues	20,101,890	749,162	20,851,052	20,928,461	20,928,461	(77,409)
EXPENDITURES/EXPENSES:						
Instruction	11,885,681	-	11,885,681	12,388,410	13,497,360	1,611,679
Support services	4,238,974	-	4,238,974	4,596,920	4,596,920	357,946
Non-instructional programs	-	796,659	796,659	871,000	871,000	74,341
Other expenditures	2,247,028	-	2,247,028	2,443,119	2,443,119	196,091
Total expenditures/expenses	18,371,683	796,659	19,168,342	20,299,449	21,408,399	2,240,057
Excess (deficiency) of revenues over (under) expenditures/ expenses	1,730,207	(47,497)	1,682,710	629,012	(479,938)	2,162,648
Balance beginning of year	2,532,719	419,212	2,951,931	2,755,118	2,755,118	196,813
Balance end of year	\$ <u>4,262,926</u>	\$ <u>371,715</u>	\$ <u>4,634,641</u>	\$ <u>3,384,130</u>	\$ <u>2,275,180</u>	\$ <u>2,359,461</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,108,950.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

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Other Supplementary Information

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 295,595	\$ 270,761	\$ 49,481	\$ 615,837
Receivables:				
Property tax:				
Current year	6,190	-	-	6,190
Succeeding year	399,999	-	-	399,999
Accounts	-	2,041	-	2,041
Total assets	<u>\$ 701,784</u>	<u>\$ 272,802</u>	<u>\$ 49,481</u>	<u>\$ 1,024,067</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 4,905	\$ -	\$ 4,905
Deferred revenue:				
Succeeding year property tax	399,999	-	-	399,999
Total liabilities	<u>399,999</u>	<u>4,905</u>	<u>-</u>	<u>404,904</u>
Fund balances:				
Restricted for:				
Debt service	-	-	49,481	49,481
Management levy purposes	301,785	-	-	301,785
Student activities	-	267,897	-	267,897
Total fund balances	<u>301,785</u>	<u>267,897</u>	<u>49,481</u>	<u>619,163</u>
Total liabilities and fund balances	<u>\$ 701,784</u>	<u>\$ 272,802</u>	<u>\$ 49,481</u>	<u>\$ 1,024,067</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 393,426	\$ -	\$ -	\$ 393,426
Other	22,010	502,825	-	524,835
State sources	327	-	-	327
Total revenues	<u>415,763</u>	<u>502,825</u>	<u>-</u>	<u>918,588</u>
Expenditures:				
Current:				
Instruction	403,439	498,522	-	901,961
Support services:				
Operation and maintenance of plant services	55,629	-	-	55,629
Transportation services	10,601	-	-	10,601
Other expenditures:				
Long term debt:				
Principal	-	-	635,000	635,000
Interest and fiscal charges	-	-	536,913	536,913
Total expenditures	<u>469,669</u>	<u>498,522</u>	<u>1,171,913</u>	<u>2,140,104</u>
Excess (deficiency) of revenues over (under) expenditures	(53,906)	4,303	(1,171,913)	(1,221,516)
Other financing sources (uses):				
Interfund transfers in	<u>-</u>	<u>-</u>	<u>1,171,313</u>	<u>1,171,313</u>
Net change in fund balances	(53,906)	4,303	(600)	(50,203)
Fund balances beginning of year	<u>355,691</u>	<u>263,594</u>	<u>50,081</u>	<u>669,366</u>
Fund balances end of year	<u>\$ 301,785</u>	<u>\$ 267,897</u>	<u>\$ 49,481</u>	<u>\$ 619,163</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,311,751	\$ 663,014	\$ 1,974,765
Receivables:			
Property tax:			
Delinquent	-	4,300	4,300
Succeeding year	-	312,209	312,209
Income surtax	-	378,978	378,978
Due from other governments	629,194	-	629,194
Total assets	\$ 1,940,945	\$ 1,358,501	\$ 3,299,446
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	8,042	8,042
Deferred revenue:			
Succeeding year property tax	-	312,209	312,209
Other	-	378,978	378,978
Total liabilities	-	699,229	699,229
Fund balances:			
Restricted for:			
School infrastructure	1,940,945	-	1,940,945
Physical plant and equipment	-	659,272	659,272
Total fund balances	1,940,945	659,272	2,600,217
Total liabilities and fund balances	\$ 1,940,945	\$ 1,358,501	\$ 3,299,446

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 1,280,367	\$ 658,543	\$ 1,938,910
Other	1,882	618	2,500
State sources	-	232	232
Total revenues	<u>1,282,249</u>	<u>659,393</u>	<u>1,941,642</u>
Expenditures:			
Support services:			
Instructional staff services	-	309,267	309,267
Administration services	6,869	-	6,869
Transportation services	-	26,858	26,858
Other expenditures:			
Facilities acquisition	-	338,127	338,127
Total expenditures	<u>6,869</u>	<u>674,252</u>	<u>681,121</u>
Excess (deficiency) of revenues over (under) expenditures	1,275,380	(14,859)	1,260,521
Other financing sources (uses):			
Operating transfers out	<u>(1,171,313)</u>	-	<u>(1,171,313)</u>
Net change in fund balances	104,067	(14,859)	89,208
Fund balances beginning of year, as restated	<u>1,836,878</u>	<u>674,131</u>	<u>2,511,009</u>
Fund balances end of year	<u>\$ 1,940,945</u>	<u>\$ 659,272</u>	<u>\$ 2,600,217</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
General Athletics	\$ 41,584	\$ 30,267	\$ 50,377	21,474
Life Skills-Sp Ed	1,466	-	69	1,397
Activity Bus	337	-	-	337
Health	8,566	2,001	162	10,405
Interest	6,817	182	3,643	3,356
Boys Basketball	9,561	28,769	20,067	18,263
Boys Football	32,434	45,180	64,040	13,574
Boys Baseball	6,325	13,384	16,765	2,944
Boys Track	1,392	9,072	5,950	4,514
Coach Cross Country	3,178	5,562	3,474	5,266
Boys Golf	652	1,193	596	1,249
Boys Swimming	160	3,375	2,773	762
Boys Wrestling	7,951	23,058	17,948	13,061
Girls Basketball	5,132	24,300	21,329	8,103
Girls Volleyball	5,828	18,800	14,974	9,654
Girls Soccer	717	7,234	5,580	2,371
Girls Softball	6,700	16,522	15,240	7,982
Girls Track	2,131	4,943	3,429	3,645
Girls Golf	(584)	1,333	793	(44)
Girls Swimming	340	2,211	1,693	858
Special Ed Activities	762	2,782	105	3,439
Activity Sales HS	119	-	-	119
Shellsburg Yearbook	9,849	7,047	9,520	7,376
Band	23,066	26,491	24,623	24,934
Band Trip HS	3,350	75,874	71,413	7,811
Concession Account	3,166	1,000	1,720	2,446
Shellsburg Pop	20,639	5,637	14,333	11,943
Vending Machine	568	-	205	363
Drill Team	1,056	-	-	1,056
Act Tickets	497	937	-	1,434
FFA	2,080	38,442	31,600	8,922
FHA	305	-	-	305
HS Home Ec	25	-	-	25
Fine Arts Sponsors	9	25	-	34
MS Health Account	1,075	-	-	1,075
Ambassador Club	394	-	-	394
National Honor Society	2,259	2,153	1,575	2,837
Business Professionals	682	1,735	2,119	298
Science Club	2,596	-	-	2,596
Shellsburg Student Council	15,732	5,085	5,995	14,822

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Shellsburg Picture	\$ 17,532	\$ 13,662	\$ 8,365	22,829
SADD	310	-	-	310
Theatre	2,113	2,928	5,106	(65)
Invention Convention	330	-	-	330
Recycling Club	101	-	-	101
Vocal	1,550	5,245	5,117	1,678
Speech	966	15,240	11,511	4,695
Lunch Account	19	33,559	31,740	1,838
Activity Guidance	43	-	-	43
HS Special Projects	4,678	36	1,325	3,389
Amateur Radio	1,381	-	-	1,381
Shooting Sports	-	8,254	6,897	1,357
Cheerleader Fund	498	14,115	8,417	6,196
Class of 2010	1,480	-	-	1,480
Class of 2011	3,829	2,575	3,982	2,422
Class of 2012	(50)	112	62	-
Class of 2013	(102)	141	39	-
Class of 2016	-	2,364	2,364	-
Class of 2019	-	-	1,487	(1,487)
Total	\$ <u>263,594</u>	\$ <u>502,825</u>	\$ <u>498,522</u>	\$ <u>267,897</u>

See accompanying independent auditor's report.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 7,814,753	\$ 6,988,370	\$ 6,728,229	\$ 6,407,663
Tuition	303,757	316,278	320,875	361,532
Other	671,882	598,625	858,279	925,172
State sources	10,192,095	8,532,347	9,896,558	9,854,962
Federal sources	1,119,403	1,541,350	589,348	557,670
Total revenues	<u>\$ 20,101,890</u>	<u>\$ 17,976,970</u>	<u>\$ 18,393,289</u>	<u>\$ 18,106,999</u>
Expenditures:				
Instruction	\$ 11,885,681	\$ 12,192,285	\$ 11,800,596	\$ 11,120,276
Support services:				
Student services	439,994	322,312	465,574	449,179
Instructional staff services	717,829	504,834	597,660	572,423
Administration services	1,279,293	1,232,619	1,370,879	1,429,175
Operation and maintenance of plant services	1,210,897	1,121,282	1,137,812	1,183,416
Transportation services	590,961	640,894	665,334	554,570
Other expenditures:				
Facilities acquisition	338,127	242,563	271,861	3,219,495
Long-term debt:				
Principal	635,000	610,000	595,000	570,000
Interest and fiscal charges	536,913	562,100	586,688	609,750
AEA flowthrough	736,988	709,635	663,597	630,193
Total expenditures	<u>\$ 18,371,683</u>	<u>\$ 18,138,524</u>	<u>\$ 18,155,001</u>	<u>\$ 20,338,477</u>

See accompanying independent auditor's report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 6,402,129	\$ 6,136,279	\$ 5,675,042
324,784	393,121	545,115
1,378,600	1,179,174	862,442
9,260,071	8,991,721	8,567,943
768,620	550,651	329,771
<u>\$ 18,134,204</u>	<u>\$ 17,250,946</u>	<u>\$ 15,980,313</u>
\$ 10,427,532	\$ 9,933,530	\$ 9,865,744
418,421	479,765	498,943
614,661	617,870	626,718
1,452,973	1,370,228	1,282,431
1,079,024	1,122,833	999,074
476,995	547,388	479,282
9,729,098	4,650,153	779,725
700,000	570,000	349,192
638,158	759,328	44,840
601,807	577,210	555,219
<u>\$ 26,138,669</u>	<u>\$ 20,628,305</u>	<u>\$ 15,481,168</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 45,882
National School Lunch Program	10.555	FY 11	265,051
National School Lunch Program (non-cash)	10.555	FY 11	50,892
			<u>361,825</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	6660G11	233,901
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	85,778
			<u>319,679</u>
Reading First State Grants	84.357	FY 11	<u>31,386</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>80,620</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>10,771</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 11	102,667
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	76,163
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	86,999
			<u>265,829</u>
Education Jobs Fund	84.410	FY 11	<u>32,056</u>
Special Education Cluster Programs:			
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	FY 11	93,149
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	173,211
State of Iowa:			
Special Education - Preschool Grants	84.173	FY 11	2,418
			<u>268,778</u>
Total			\$ <u>1,370,944</u>

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Vinton-Shellsburg Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Vinton-Shellsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Vinton-Shellsburg Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vinton-Shellsburg Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vinton-Shellsburg Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about Vinton-Shellsburg Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Vinton-Shellsburg Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Vinton-Shellsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Vinton-Shellsburg Community School District and other parties to whom Vinton-Shellsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Vinton-Shellsburg Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
November 8, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Vinton-Shellsburg Community School District:

Compliance

We have audited Vinton-Shellsburg Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Vinton-Shellsburg Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Vinton-Shellsburg Community School District's management. Our responsibility is to express an opinion on Vinton-Shellsburg Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vinton-Shellsburg Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Vinton-Shellsburg Community School District's compliance with those requirements.

In our opinion, Vinton-Shellsburg Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Vinton-Shellsburg Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Vinton-Shellsburg Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vinton-Shellsburg Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over compliance during the course of our audit.

Vinton-Shellsburg Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Vinton-Shellsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Vinton-Shellsburg Community School District and other parties to whom Vinton-Shellsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
November 8, 2011

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.173 – Special Education – Preschool Grants
 - CFDA Number 84.391 – ARRA – Special Education – Grants to States, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Vinton-Shellsburg Community School District qualified as a low-risk auditee.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-11 Financial Reporting – During the audit, we identified material amounts of payables not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all payables are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any payables transactions.

Conclusion – Response accepted.

- II-B-11 Deferred Meal Revenues – Receipts from students and District employees for future purchases of meals or snacks from the Proprietary Fund, School Nutrition are recorded as deferred revenues. As funds are used, the District adjusts the proper amounts from deferred to earned revenues. However, the District does not have a control in place to reconcile the actual balances in personal accounts to the amount recorded in the general ledger. The balance in all meal accounts at June 30, 2011 was \$7,527 compared to \$1,929 reported by the District.

Recommendation – The District should implement controls to ensure that the District's general ledger records reconcile with actual amounts recorded as meal deposits. The District should investigate the difference of \$5,598 and make the proper adjustments.

Response – We will investigate the above difference and make the proper adjustments. We will implement the proper controls to ensure that the proper reconciliation procedures are developed.

Conclusion – Response accepted.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Robert Levis, Board Member	Coach	\$2,247
Denise Wiley, spouse of Board President Todd Wiley	Substitute teacher associate	\$11,408
Calvin Rickels, spouse of Board Member Megan Rickels	Football coach	\$2,045
Nancy Levis, spouse of Board Member Robert Levis	Substitute teacher	\$2,290
David Gates, spouse of Board Member Sue Gates	Bus driver	\$11,310
Sue Gates, Board Member	Contest judge	\$125

In accordance with Chapter 279.7A of the Code of Iowa, except for the contracts with the spouses of Board President Wiley and Board Member Gates, the above transactions do not appear to represent conflicts of interest since the cumulative amount was less than \$2,500 for the fiscal year for each person.

Recommendation – In the cases of the contracts with the spouses of Board President Wiley and Board Member Gates, the District should document that Mr. Wiley and Ms. Gates had no affect in the hiring process of their spouses. However, the limited availability of these services due to the smaller size of the District contributes to the arms-length status of this transaction.

Response – We will properly document the arms-length status of these transactions in the future.

Conclusion – Response accepted.

- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,836,878
Revenues:			
Sales tax revenues	\$	767,659	
Other local revenues		1,882	
School infrastructure supplemental amount		<u>512,708</u>	<u>1,282,249</u>
Expenditures/transfers out:			
Other		6,869	
Transfers to other funds:			
Debt Service Fund		<u>1,171,313</u>	<u>1,178,182</u>
Ending balance		\$	<u><u>1,940,945</u></u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 2.11868	\$ 818,651
Physical plant and equipment levy	0.93047	359,531